

ORIGINAL



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THIS AMENDMENT:

____ Passed ____ Passed as amended by ____

Arizona Corporation Commission Failed

____ Not Offered

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____ Withdrawn

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SPITZER PROPOSED AMENDMENT # 1

AZ CORP COMMISSION
DOCUMENT CONTROL

DOCKETED BY

[Signature]

TIME/DATE PREPARED 11:00 a.m. / January 12, 2004

COMPANY: Qwest Corporation

AGENDA ITEM NO. U-5

DOCKET NO. T-01051B-03-0454

OPEN MEETING DATE: January 13, 2004

PAGE 6, LINE 25, AFTER "failure to file accurate financial statements."

INSERT: "In this case, Qwest's inaction precludes the Commission from having sufficient information, as required in the Agreement, to determine whether further reductions in switched access charges are warranted. Given that those reductions would lift the burden on Qwest's competitors, Qwest's inaction benefits its own competitive position.

The Commission is clearly justified in imposing a deadline for the filing of audited financial information. However, we would be remiss if we did not consider that Qwest is already several months past a similar deadline – thus we will enact another round of switched access charge reductions effective April 1, 2004, again in the amount of \$5 million. We will also require an adjustment to Basket 1 on April 1, 2004. Should Qwest wish to submit evidence on the merits of those reductions, it can do so in the form of audited financial information which the Commission will consider as quickly as practicable. In the event Qwest submits audited financial information which the Commission lacks sufficient time to consider before April 1, 2004, the reductions will occur as scheduled and any adjustments can occur after the Commission finishes its review of the Qwest data (if it is filed)."

AND DELETE: "At a minimum, the length of the delay in receiving accurate financial statements should factor into any determination of what constitutes a reasonable amount of time for Commission action."

PAGE 8, Line 2, AFTER: "reasonable."

INSERT: "However the adjustments we are requiring here are not new rates, but rather the continuation of the adjustments as expressly contemplated in the Settlement Agreement. Where a contract is silent, it is prudent to look at the statements of the parties to that contract, here we are compelled by Qwest Witness Arnold's testimony at Exhibit Q-2, pg. 4 (Arnold November 20, 2000 Rebuttal testimony), Docket No. T-01051B-99-0105: "There is no ambiguity about what happens at the end of the initial three year term of the plan. Quite simply, the hard caps on individual services, as well as the Price Cap Index for Basket 1 services would continue to apply and Qwest would not be free to charge 'what the market would bear', as RUCO alleges."

PAGE 9, Line 19.5, AFTER: "Agreement and Plan."

INSERT: "However the plan is clear that the terms and conditions shall continue in effect until the Commission modifies or terminates the Plan, this includes the adjustments to Basket 1 and switched access charges."

PAGE 9, Lines 24.5 thru 27.5

DELETE: Finding of Fact 10 and 11

PAGE 10, Line 3, AFTER: "proposed modifications."

INSERT: "Therefore we will continue the Plan with all terms and conditions."

PAGE 10, Line 16, AFTER: "in Decision No. 63487,"

DELETE: "no"

PAGE 10, Line 17, AFTER: "Index, and"

DELETE: "no"